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Mexico

Agricultural Situation

Mexico's New Over Quota Import Tariff for Yellow Corn

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Report Highlights: On September 2, 2003 Mexico's Secretariat of Economy (SE) announced in the Mexican Federal Register the new over-quota import tariffs for yellow and white corn as well as the qualifications importers and companies must meet in order to get an import permit. Tariffs will be effective September 3, 2003 and will remain in force until December 31, 2003.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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On September 2, 2003, the Secretariat of Economy (SE) announced in Mexico's "*Diario Oficial*" (Federal Register) the new NAFTA over-quota tariffs for 2003 for white and yellow corn imports as well as the qualifications importers and companies must meet in order to get an import permit.

The decree states that, in accordance with the Fifth Transitory Article of the Federal Income Law for the 2003 Fiscal Exercise, and when the NAFTA Tariff Rate Quotas (TRQs) for corn have been suppressed, the following over quota import tariffs will apply for the remainder of 2003:

TARIFF LINES	DESCRIPTION	<i>Ad valorem</i> (%)
1005.90.03	Yellow corn	1
1005.90.04	White corn	3

These new tariffs are in effect the day after the date of the publication, which, in this case, is Tuesday, September 2, 2003; they will remain in force until December 31, 2003.

According to the announcement, the domestic corn supply currently is insufficient to match domestic demand. SE officials stated that the 2003 corn TRQ (3,261.9 MMT) had already been filled in May 2003.

On September 2, 2003, the SE also published in the "*Diario Oficial*," an agreement to determine the over-quota U.S. yellow corn for 2003, (except for planting, - H. S. 1005.90.03). Following are the over-quota details as contained in the *Diario Oficial* announcement:

Tariff Number	Description	Additional Duty Free Amount (tons)
1005.90.03	Corn, except for planting (yellow)	According to the supply necessities to supplement the national demand.

This second announcement recognizes that Mexican national corn production is insufficient to meet domestic demand and that the NAFTA 2003 corn TRQ has already been filled. Therefore, the over-quota tariffs will now apply.

Moreover, the agreement also states that the system to import corn above the NAFTA TRQ will continue as before, with direct allocations by SE to importers and industries. Participation in the over-quota system is limited to importers or companies established in Mexico from the following industries: a) starch industry; b) breakfast cereal manufacturers; c) livestock (feeders, growers & feed millers) and d) snack fries manufacturers, which use yellow corn as an input in their productive process

The following qualifications must be met in order to be considered by SE to be eligible for cupo allocations:

A) Importers or companies which imported yellow corn during 2002. These companies need to show proof of their commitments of agriculture by contract. The maximum amount to be assigned in the first allocation will be equivalent to 5 times the monthly average consumption of the last three audited months of 2002, less 10% of the annual audited consumption of imported yellow corn under the 2002 TRQ (cupo).

OR

B) Companies from the above-mentioned industries that use yellow corn in their productive processes and that have been in operation for at least 12 months, but which did not import yellow corn during 2002. For these companies, the amount allocated will be equivalent to the company's average audited monthly consumption for 2002.

Companies that qualify for option B will be able to submit a new application. For companies that qualify for option A, the second allocation will be four times the audited monthly average consumption of the last three months of 2002, less 10% of the annual audited consumption of imported yellow corn under the 2002 TRQ (cupo).

In no case will the maximum amount per company for all its allocations exceed 5 times the monthly audited consumption of the last three months of 2002, less 10% of the annual audited consumption of yellow corn yellow imported under the 2002 cupo.

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FAS Mexico Web Site: We are available at <http://www.fas-la.com/mexico> or visit our headquarter home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

Useful Mexican Web Sites: Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent of the Department of Commerce (SE) can be found at www.se.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.